GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:409
ANSWERED ON:25.04.2005
DEMAND AND SUPPLY OF FERTILIZERS
Rana Shri Kashi Ram;Thummar Shri Virjibhai

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the demand and supply of fertilizers in the country at present;

(b) whether the production of certain fertilizers in the country is not as per their demand;

(c) if so, the manner in which the demand of these fertilizers is met;

(d) the quantum of fertilizers imported during the last three years and the foreign exchange spent thereon;

(e) the steps taken by the Government to enhance the subsidy on the fertilizers;

(f) the extent of success achieved by the Government as a result of these steps;

(g) whether the Government has chalked out any short term and long term programme to make the country self-reliant in the production of fertilizers; and

(h) if so, the details thereof?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (h) A statement is laid on the Table of the House.

STATEMENT REFERRED T O I N REPLY T O PARTS (A) TO (H) OF LOK SABHA STARRED QUESTION NO. 409 TO BE ANSWERED ON 25.04.2005 REGARDING DEMAND AND SUPPLY OF FERTILIZERS

(a) The demand and supply of major fertilizer namely Urea, DAP and MOP in the country during 2004-05 was as under:-

(In Lakh MT)

Particular	Demand	Supply / Availability
Urea	214.08	223.68
DAP	70.60	73.54
MOP	23.21	25.85

(b) & (c) The country is nearly self sufficient in meeting the demand of urea. Annual installed capacity of 205.12 lakh MT of urea coupled with Oman Indian Fertilizers project having production capacity of 16.52 lakh MT per annum of urea will be sufficient to meet the demand. In case of DAP installed capacity is higher than demand. However, any gap between assessed demand and indigenous production is being met through imports. In the absence of commercially exploitable potash (K) resource in the country, the entire demand of potassic fertilizers for direct application as well as for production of complex fertilizers is met through imports.

(d) Urea is the only fertilizer, which is under price and partial distribution control of Government of India and is imported on Government account. All other grades of fertilizers are decontrolled fertilizers and are privately imported. The quantum of imported fertilizers along with foreign exchange spent thereon for urea during the last three years, is as under:-

Year	Urea (LMT)	Foreign Exchange spent (US $)	DAP (LMT)	MOP (LMT)

2002-03	-	-	3.70	25.32
2003-04	-	-	7.34	25.79
2004-05	6.41	1,52,482,702.53	6.43	34.09

The foreign exchange spent on DAP and MOP is not available with the Department as the import of these fertilizers is on private account and price is negotiated directly by the private importers.

(e) & (f) With the objective of making available fertilizers to farmers at affordable prices, urea, being the only controlled fertilizer, is sold at statutorily notified maximum retail price (MRP), and the decontrolled phosphatic and potassic fertilizers, such as DAP, MOP and NPK complexes are sold at indicative MRPs. MRP of single super phosphate is indicated by the respective State Governments. As the cost of production of fertilizers is generally more than the MRP/indicative MRPs, the benefit of subsidy/concession on fertilizers is passed on the farmers in the form of making them available fertilizers at subsidized selling prices.

(g) & (h) the Government has been pursuing policies which are conducive for encouraging investment in fertilizer sector so as to achieve self-sufficiency in meeting the indigenous requirement of major fertilizers. In case of urea, the Government has recently announced the pricing policy for investment to be made in (a) new and expansion projects of urea and (b) existing non-gas based urea units converting to natural gas/LNG for feedstock/fuel. In order to augment indigenous availability of urea, IFFCO and KRIBHCO the multi-state cooperative societies, are setting up a joint venture in Sur, Oman with Oman Oil Company and the entire production of 16.52 lakh MT annually of urea will be bought by the government. On the other hand, installed capacity (54.20 lakh MT in nutrient terms) of phosphatic fertilizers is enough to meet the current level of requirement (average consumption of 46-47 lakh MT of last three years.) in the absence of commercially exploitable potash sources in the country, the entire demand of potassic fertilizers for direct application as well as for production of complex fertilizers is met through imports.